

THE FEDERAL DIARY

Retirement Time Nears

By Mike Causey
Washington Post Staff Writer

Offices of local members of Congress are being swamped with calls from anxious federal workers who want to know if they should plan to retire early next month to beat a proposed change in tax rules.

The employees are concerned about the tax reform bill passed by the House. Starting July 1, it would eliminate a tax-free retirement period for federal and postal workers, state and county employees and others who contribute to their own pension programs. About 250,000 federal employees are eligible to retire now; 17 percent of them live here.

Because of the way the retirement system is administered, federal workers might have to make their retirement plans by June 3. As that date nears, say staff members in the offices of Maryland Democratic Reps. Steny Hoyer and Mike Barnes and Virginia GOP Reps. Frank Wolf and Stan Parris, inquiries have increased.

A spokesman for the Federal Government Service Task Force, which serves as a congressional civil service caucus, said, "Half the calls we get are from people wanting to know when they should retire and the other half are from [new] workers complaining about the new 5.7 percent retirement deduction from their paychecks."

While it is easy to answer the latter question—the deductions will be stopped soon—there is no safe, sure or solid advice for retirees based on what Congress may, or may not, do.

The government service task force estimates that the proposed tax law change would mean a tax bite of \$10,000 in the first three years of retirement for the typical U.S. worker, and much more for higher paid employees.

The amount of taxes workers would pay over a normal lifetime would be unchanged. But retirees would begin paying

sooner, on prorated portions of the government contribution, once the recovery period was ended.

Currently, workers who contribute already-taxed portions of their income to pension funds are exempt from taxes on their pensions until they have recovered all their contributions. That recovery period can last up to three years, although the typical federal retiree gets back all contributions in about 18 months.

The Senate version of tax reform would eliminate the recovery period in two steps, beginning in January 1988.

The reason people are worried about retiring in early June to beat a July 1 deadline has to do with a wrinkle in federal retirement rules. It came about several years ago when Congress made a change to benefit retiring lawmakers.

As a result of that change, pensions of employees who retire by the 3rd of the month begin the next day. Those retiring after the 3rd of the month have annuities that begin the following month.

G. Jerry Shaw, general counsel of the Senior Executives Association, said yesterday that if the July 1 effective date proposed by the House becomes effective, "employees, to be safe, must retire by June 3 in order to ensure that they will not be taxed under new rules provided in the [House] tax reform act."

Shaw and others say they don't like to give advice on this subject, because there are so many ifs.

Congress might fail to approve tax reform, or a later effective date (that would benefit members of Congress retiring early next year) could be approved.

But if avoiding the possible pension tax change is an overriding factor in your retirement planning, federal unions and congressional offices are saying the only way to be 100 percent sure of beating the July 1 deadline is to retire by June 3.

6 Arrested
In Miami-D.
Cocaine CaseBy John Ward Anderson
Washington Post Staff Writer

Six men were arrested yesterday and charged with participating in a major cocaine trafficking operation that used secret hiding places to transport more than 100 pounds of the drug from Miami to the Washington area for distribution, according to the FBI.

The men, three of whom were arrested in Miami, were charged with a 71-page, 38-count indictment in U.S. District Court in Alexandria that was handed up May 13 and unsealed yesterday.

An FBI spokesman said the indictments and arrests capped a year-long investigation of a major cocaine trafficking organization in Miami and responsible for transporting more than \$2 million worth of drug to the Washington area in November 1983.

Charged in the indictment were Ruben Almaguer, 54, Alberto Nunez, 26, and Julio Paredes, 27, all of Miami; Rudolph Cooper, 56, of Washington; Philip Lance Gelfo, 53, of Chevy Chase; and James Michael 48, of Upper Marlboro.

Two men charged in the indictment—Jose Humberto Otero and Jorge Luis Suarez, whose addresses were not available—remain at large, according to a spokesman for U.S. attorney's office in Alexandria.

Almaguer, Nunez and Otero also were charged with continuing criminal enterprise, which an FBI spokesman said indicates that they were leaders of the alleged organization. He said the charge is brought against persons suspected of supervising or more other persons.

Gelfo and Sita also were charged with making false declarations before a grand jury and obstruction of justice for allegedly lying before the grand jury when they testified about their involvement with other members of the alleged organization.

The FBI spokesman said the cocaine was brought to the D.C. area mainly by car, hidden in bumper door panels and behind seats.

According to the indictment, as much as 50 kilograms of cocaine was sent to this area in a shipment and as much as \$185,000 in cash was passed at meetings at local restaurants and in two Alexandria apartments.

'Exorcism' Suspect Ruled

